

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT:
JULY 2006 PROJECT PIPELINE UPDATE

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This report was last updated on **1 August 2006**. The information contained on this report will reflect the status of each project and new project entries.

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I. INTRODUCTION AND GUIDE TO EBRD'S PROJECT PIPELINE:

Project finance is the EBRD's core business. The EBRD has committed more than €22.7 billion (about \$29billion) to both private and state sector projects. All projects provide a number of procurement opportunities. U.S. companies can access information about EBRD's projects through the EBRD's website www.ebrd.com/oppor/procure/opps/index.htm.

The interval between identification of a project and its approval varies in every case. Each entry in the Project Pipeline identifies the status of a particular project in the project cycle.

After loans are approved, entries are dropped from the Project Pipeline and appear on the Projects Approved page of the EBRD's website.

We would like to draw U.S. companies' attention to state sector projects. In that they are followed with international tendering processes, whereas procurement under private sector projects are completed by the EBRD's client. In which case it would be important to contact the EBRD's client directly.

Inclusion of a project in the Bank's Project Pipeline does not imply any commitment on the part of the Bank to finance the project.

New projects, which appear in the Project Pipeline for the first time, are indicated by the abbreviation (N) before the project name. For additional information on any of these projects, interested parties are requested to contact the executing agencies directly and NOT the European Bank.

II. PROJECTS SCHEDULED FOR BOARD CONSIDERATION:

	Project name	Country	Date disclosed
A.	Kreditprom Syndicated Facility	Ukraine	31 Jul 2006
B.	Direct Insurance Russia	Russia	27 Jul 2006
C.	PBZ capital increase	Croatia	27 Jul 2006
D.	Mongolia Multi-Bank Framework - Xac Bank	Mongolia	26 Jul 2006
E.	Raiffaisen Bank BH-Senior SME & Retail Loan	Bosnia and Herzegovina	25 Jul 2006
F.	Zitomir	Ukraine	17 Jul 2006
G.	CFR Calatori Long Distance Passenger Services Project	Romania	7 Jul 2006

A.

Project name: Kreditprom Syndicated Facility
Country: Ukraine
Project number: 37157
Business sector: Financial institutions: Lending to banks
Public/Private: Private
Environmental category: FI
Board date: 5 September 2006
Status: Passed concept review, Pending final review
Date PSD disclosed: 31 July 2006
Date PSD updated:

Project description and objectives: The proposed project is USD 30 million syndicated loan to Kreditprombank under A/B structure. EBRD will retain USD 10 million of direct exposure with the balance to be syndicated to commercial banks. Kreditprom will use the syndicated loan proceeds to extend short- (from B-loan) to medium-term (from A-loan) loans to its private MSE/SME clients in Ukraine.

Transition impact: This will be the first ever syndicated loan arranged by the EBRD for a Ukrainian bank. The maturity of the A-loan is 3 years and B-loan is 18 months. B-loan may be renewable for another 18 months subject to certain conditions. The loan will contribute to expand the commercially viable MSE/SME finance business in Kreditprom and increase competition in economy of Ukraine and enhance further financial

intermediation.

The client:	Kreditprom is a universal commercial bank and is the 15th largest bank in Ukraine with total assets of USD 683 million and equity of USD 68 million at the end of Q1 2006.
EBRD finance:	USD 10 million under A-loan. EBRD will retain USD 10 million of syndicated senior loan with the balance to be syndicated to commercial banks.
Total project cost:	USD 30 million.
Environmental impact:	Screened FI. Kreditprom will be required to comply with EBRD's Environmental Procedures for SME Loans and for Intermediated Financing through Local Banks which require adherence to the Bank's Environmental Exclusion and Referral List, compliance with the applicable national environmental, health and safety requirements.
Technical cooperation:	In the past TC has been received from the following donors: EU, US, and Dutch governments under UMLP II Component of MSE/SME Lending Framework. The funds were used to develop lending operations, train lending staff and for institution building in participating banks, including Kreditprom. Under the present operation the borrower will continue to receive technical assistance provided by the EU for its MSE lending operations. For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants .
Company contact:	Mr.Vasiliy Perepelitsa, Vice-President, Tel.: +38 044 490 2776 Email: perepelitsa@kreditprombank.com
EBRD contact:	Viktor Marchenko, Operation Leader: marchenv@kev.ebrd.com
Business opportunities:	For business opportunities or procurement, contact the client company.
General enquiries:	EBRD project enquiries not related to procurement: Tel: +44 20 7338 7168; Fax: +44 20 7338 7380 Email: projectenquiries@ebrd.com

B.

Project name:	Direct Insurance Russia
Country:	Russia
Project number:	36848
Business sector:	Financial institutions: Non-bank FIs
Public/Private:	Private
Environmental category:	FI

Board date:	19 September 2006
Status:	Passed concept review, Pending final review
Date PSD disclosed:	27 July 2006
Date PSD updated:	
Project description and objectives:	<p>Through an equity investment it is proposed that the EBRD participate in a greenfield direct insurance company with a focus on non-life and, primarily, motor insurance (third party liability and Casco insurance).</p> <p>The company will sell products via telephone call centres and utilise the experience of Direct Insurance Financial Investments Ltd, Israel in starting an operating such businesses.</p>
Transition impact:	The project will support further development and competition in the Russian insurance market and also facilitate innovation through a transfer of specific knowledge and new techniques to the market.
The client:	<p>Client: operations will be conducted via an existing licensed Russian insurance company which will be purchased. Negotiations with potential target companies are ongoing.</p> <p>Sponsor : Direct Insurance Financial Investments Ltd ("DIFI"), a company listed on Tel-Aviv Stock Exchange, which has a controlling stakes in the leading direct insurance providers in Israel (Direct –IDI insurance) and Poland (Link 4).</p>
EBRD finance:	Approximately EUR 35 million equity financing (including initial capital and anticipated capital increases).
Total project cost:	Approximately EUR 120 million equity financing (including initial capital and anticipated capital increases).
Environmental impact:	The environmental risks associated with the Company's operations are expected to be low. Policies will generally exclude environmental liability, but coverage of environment-related damages is possible in conjunction with appropriate reinsurance. In order to mitigate environmental impact the Company will conduct its insurance operations (both underwriting and investment activities) in accordance with the EBRD's Guidelines for the Insurance Sector.
Technical cooperation:	<p>None.</p> <p>For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.</p>
Company contact:	<p>Mr Igal Mor, Chief Financial Officer Direct Insurance Financial Investments Limited Adgar Tower, 35 Eyal St. Petach-Tikva 49511 Israel Tel. +972 (3) 625 1424 Fax. +972 (3) 919 1330</p>
EBRD contact:	Alasdair Macdougall, Operation Leader: macdougall@ebrd.com
Business opportunities:	For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:
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Email: projectenquiries@ebrd.com

C.

Project name: PBZ capital increase
Country: Croatia
Project number: 37051
Business sector: Financial institutions: Equity funds
Public/Private: Private
Environmental category: FI
Board date: 25 July 2006
Status: Passed final review, Pending board approval
Date PSD disclosed: 27 July 2006
Date PSD updated:

Project description and objectives:

The proposed project will consist of the subscription of newly issued shares of Privredna banka Zagreb (PBZ) as a part of the capital increase to take place in August 2006. The capital increase will strengthen PBZ's capital base, allowing further growth of the bank's operations. EBRD's participation in the capital increase will support one of the largest and the most profitable commercial bank in Croatia.

Transition impact:

EBRD's original investment in PBZ was instrumental in supporting the full privatisation of the bank and in strengthening its shareholding structure. Such objectives were achieved and EBRD's role in PBZ has been particularly important in improving corporate governance standards. The transaction is a follow up to the original equity investment and will allow the EBRD to fully participate in the upside resulting from the successful restructuring of PBZ after privatisation. EBRD's role in PBZ will continue as the bank is affirming its position in the Croatian market and expanding regionally, thus in need of capital for additional growth.

The client:

PBZ is the second largest Croatian bank, with a 19.2% market share of total banking assets as of end-December 2005. As of the same date, its total assets amounted to EUR 6.4 billion, total equity was EUR 601 million and net profit EUR 102 million. PBZ is majority owned by Gruppo Banca Intesa ("Intesa"). PBZ continues to register strong performances, in line with its peers in terms of growth and outperforming the market in terms of profitability. Being the second largest bank in Croatia by total assets, PBZ is the market leader in credit card business and corporate finance. PBZ is also a market leader in the foreign exchange and government paper market.

EBRD finance:	Subscription of newly issued shares of PBZ, as part of a capital increase to take place in August 2006.
Total project cost:	Total capital increase will be EUR 250 million.
Environmental impact:	<p>Screened FI.</p> <p>Privredna Banka Zagreb (PBZ) is managing the reputational and, to a lesser extent, the financial risks associated with its clients through the implementation of the EBRD's Environmental Procedures for Financial Intermediaries, which PBZ adopted as a condition of the existing equity investment and mortgage loan.</p> <p>PBZ will be required to continue to implement the EBRD's Environmental Procedures for Local Banks for all its lending activities including the compliance with EBRD's Environmental Exclusion and Referral Lists; ensuring the compliance of sub-borrowers with national standards of environment, health and safety; the compliance with relevant national employment laws and standards and Conventions of the International Labour Organisation (related to the employment of children and young people, discrimination at work, and forced labour); ensuring the compliance by sub-borrowers with relevant requirements for public disclosure and consultation, when applicable. PBZ's has submitted a satisfactory annual environmental, health and safety report for 2005 to the Bank and it will continue to submit annually environmental, health and safety reports.</p>
Technical cooperation:	<p>None.</p> <p>For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.</p>
Company contact:	Dinko LuciĆ, Chief Marketing Officer for the PBZ Group Tel: (01) 6360 252
EBRD contact:	Tajana Mrkic, Operation Leader: mrkict@ebrd.com
Business opportunities:	For business opportunities or procurement, contact the client company.
General enquiries:	<p>EBRD project enquiries not related to procurement: Tel: +44 20 7338 7168; Fax: +44 20 7338 7380 Email: projectenquiries@ebrd.com</p>

D.

Project name:	Mongolia Multi-Bank Framework - Xac Bank
Country:	Mongolia
Project number:	37139
Business sector:	Financial institutions: Small business
Public/Private:	Private
Environmental category:	
Board date:	5 September 2006

Status:	Passed concept review, Pending final review
Date PSD disclosed:	26 July 2006
Date PSD updated:	
Project description and objectives:	<p>This PSD and the investment are subject to the entry into force of the amendment to the Agreement Establishing the Bank (Article 1) to admit Mongolia as a country of operations on 15 October 2006.</p> <p>The proposed project is a senior loan to Xac Bank, a Mongolian commercial bank focused on microfinance and small business lending, for on-lending to private micro and small enterprises (MSEs) across Mongolia.</p>
Transition impact:	<p>Transition impact will be achieved through the strengthening of this leading local bank which focuses on financing MSEs business needs. The proposed loan will help Xac Bank to further expand its outreach to regions outside of the capital. Further improvements in operational efficiency and increased amounts of MSE financing available through commercial banks are expected to encourage competition in this sector.</p>
The client:	<p>Xac Bank is the largest micro-finance institution in Mongolia with 55 branches (including sub-branches) located in each of the country's regional centres, including Ulaanbaatar. Xac Bank is a privately owned institution with shares currently being held by the XAC-GE Group, a holding company (99.8%). XAC-GE Group's current owners consist of Mercy Corps (20.06%), three local companies (Tuushin Co., EIT and NewCom (27.26%) and five local NGOs (15.88%). The Triodos Doen Fund, ShoreCap International and MicroVest hold 12.45%, 12.45% and 10.22% of XAC-GE Group's shares respectively. The remaining 1.68% is owned by Xac Bank's employees.</p>
EBRD finance:	Senior loan of USD 5 million.
Total project cost:	USD 5 million.
Environmental impact:	<p>Xac Bank shall introduce into its loan appraisal procedure, implement and comply with the EBRD Environmental Procedures for Small Loans, which include: compliance with applicable national environmental, health, safety and labour requirements; adherence to the Environmental Exclusion and Referral Lists; and submission of annual environmental reports to the Bank. Xac Bank will benefit from environmental training for Mongolian FIs that is planned by the EBRD.</p>
Technical cooperation:	<p>Xac Bank will benefit from technical assistance under the Mongolia Multi-Bank Framework. The Framework is designed to encourage EBRD's partner institutions (commercial banks and non-bank financial institutions including microfinance institutions) to develop credit and management skills, set up appropriate institutional structures for MSE and SME lending and diversify into new financial products such as leasing, mortgage and trade finance.</p> <p>For consultant opportunities for projects financed by technical</p>

	cooperation funds, visit procurement of consultants .
Company contact:	Ganhuyag Ch. Hutagt, Executive Director Xac Bank Mongolia Tel: +976 11 318185 Fax: +976 11 328701 E-mail: ganhuyag.ch@xacbank.mn Website: www.xacbank.mn
EBRD contact:	Oksana Pak, Operation Leader: pako@ebrd.com
Business opportunities:	For business opportunities or procurement, contact the client company.
General enquiries:	EBRD project enquiries not related to procurement: Tel: +44 20 7338 7168; Fax: +44 20 7338 7380 Email: projectenquiries@ebrd.com

E.

Project name:	Raiffeisen Bank BH-Senior SME & Retail Loan
Country:	Bosnia and Herzegovina
Project number:	37031
Business sector:	Financial institutions: Lending to banks
Public/Private:	Private
Environmental category:	FI
Board date:	5 September 2006
Status:	Passed concept review, Pending final review
Date PSD disclosed:	25 July 2006
Date PSD updated:	
Project description and objectives:	A medium-term EUR 20 million credit facility for on-lending purposes. Raiffeisen Bank dd BiH would use proceeds of the loan to provide medium-term financing to its customers, small and medium sized enterprises (SMEs), as well as retail sector clients.
Transition impact:	By providing scarce medium to long- term funding, the project will stimulate growth within the private SME sector and at the same time support access to term finance to SMEs in the regions where such finance is scarce.
The client:	Raiffeisen Bank dd BiH (RBBH) is ranked as the largest bank and is also one of the most profitable in BiH. The Bank is majority owned by RZB, the leading bank of the Austrian Raiffeisen Banking Group.
EBRD finance:	A EUR 20 million five-year credit facility.
Total project cost:	EUR 20 million.
Environmental impact:	RBBH has been applying EBRD's Environmental

Procedures since 2000. RBBH will be required to continue to:

- Implement EBRD's Environmental Procedures for Financial Intermediated Local Banks;
- Adhere to the Bank's Environmental Exclusion and Referral List;
- Ensure compliance of clients with applicable national requirements for environment, health, safety, labour and public consultation.

Technical cooperation:

None.
For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

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EBRD contact:

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Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

F.

Project name: Zitomir

Country: Ukraine

Project number: 37167

Business sector: Agribusiness

Public/Private: Private

Environmental category: B

Board date: 5 April 2005

Status: Passed final review, Pending board approval

Date PSD disclosed: 17 July 2006

Date PSD updated:

Project description and objectives:

The proposed project is with OJSC Biomedsklo, a Ukrainian glass producer based in Zitomir, Ukraine. Yioula Glassworks of Greece acquired Biomedsklo in 2005 and has commenced a restructuring and modernisation effort. The proposed project is being presented as Phase II of project ID 34977, Stikom

Romania approved by the Bank's Board of Director on 5 April 2005

Yioula is seeking the Bank's support to complete the post-acquisition restructuring process, to proceed with the expansion of the Company's glass container plant.

Transition impact:

Transition impact is expected to be:

Strong demonstration effect through successful restructuring post acquisition of an existing operation via refurbishment and restructuring investment programmes that will bring the quality up to more mature standards, energy savings and operational efficiency improvements.

Demonstration effect of new replicable behaviour/activities, transfer of know-how and overall improved corporate governance. The Sponsor has agreed to a framework of covenants including acceptable MIS, arms length relationships within the Group including transfer pricing, improved internal controls, IFRS accounting and comprehensive reporting that go beyond the requirements of its principal lenders.

Contribution to market development and consumer benefits:

The Project will enable a leading food-packaging manufacturer to maintain expansion in a growing and dynamic market and ensures its competitiveness, through the interaction with other parts of the "food chain"

The project is consistent with the Bank's Energy Policy (BDS00-010) as it involves reduction of energy and maintenance costs and improvements in the general reliability.

The client:

OJSC Biomedsklo, a Ukrainian glass container producer, located in Zitomir, Ukraine (the "Company" or "Zitomir"), a majority owned subsidiary of Yioula Glassworks SA, the largest producer of food and beverage containers and machine-made glass tableware in Greece.

EBRD finance:

A EUR 10 million senior secured A/B loan to Zitomir, of which EUR 6 million will be provided by participant banks.

Total project cost:

EUR 10 million in a first phase.

Environmental impact:

The project has been screened B/1. Independent environmental consultants have been retained to undertake the required environmental audit and analysis of the Biomedsklo facilities and any resulting recommendations will be formalised in a time-bound, costed environmental action plan. The action plan, which will be agreed with the Sponsor, will aim to ensure compliance with both Ukrainian and relevant EU environment, health and safety standards. The Company will be required to provide the Bank with an annual environmental report on the implementation of the environmental action plan and on any other environment, health and safety issues affecting their operations.

Technical cooperation:

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

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Business opportunities: For business opportunities or procurement, contact the client company.
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Email: projectenquiries@ebrd.com

G.

Project name: CFR Calatori Long Distance Passenger Services Project
Country: Romania
Project number: 37079
Business sector: Transport
Public/Private: Public
Environmental category: B
Board date: 19 September 2006
Status: Passed final review, Pending board approval
Date PSD disclosed: 7 July 2006
Date PSD updated:

Project description and objectives: The proposed project will provide funding for the first phase of the passenger rolling stock renewal plan for CFR Calatori, the Romanian national passenger services operator. The project will also provide support to the Company in commercialisation of its long distance passenger operations.

Transition impact: The following transition impact benchmarks are proposed to be sought in preparation of the proposed project:

- Expansion of competitive/market interactions in the sector: The proposed investment will support strengthening of marketing and business principles in running of long distance passenger services. Together with the efficiency improvements, this is expected to result in improving above rail cost recovery for the long distance operations, lowering the operational costs of the Company and increasing its financial self-reliance;
- Contribution to market-based conduct and skills:

Impacts will include

- (a) transfer and dispersion of skills in the areas of business strategy and procurement; and
- (b) a strong demonstration effect in delivery of new technology and rolling stock maintenance practices.

The client:	CFR Calatori – Romanian national passenger services operator
EBRD finance:	EUR 150 million sovereign loan with CFR Calatori as its Beneficiary.
Total project cost:	EUR 180 million.
Environmental impact:	<p>B/1 screened project. The renewal of rolling stock is anticipated to bring about reduction of energy use (from 673 kJ/passenger km to 562 kJ/ passenger km) and about 10% reduction in traction induced green house gas emission. Care will nonetheless be taken to ensure that the procurement of goods and services will be in compliance with EU and national environmental requirements and suppliers will exercise an acceptable level of environmental performance throughout their activities.</p> <p>CFR Calatori owns and operates 80 depots and repair facilities with environmental issues associated with past contamination, waste management, use of hazardous chemicals, noise abatement and occupational health and safety issues. An Environmental Management System and an Environmental Action Plan is being developed and in accordance with Bank requirements. The adoption of an EMS and EAP satisfactory to the Bank will be covenanted in the Loan Agreement and the implementation monitored through annual reports and regular visits.</p>
Technical cooperation:	<p>The technical cooperation grant funding will be sought to finance external consulting services to help the Client in preparation of specific commercialisation measures aimed at its long distance operations.</p> <p>For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.</p>
EBRD contact:	Agnieszka Lukasik, Operation Leader: lukasika@ebrd.com
Procurement or tendering opportunities:	Visit EBRD Procurement Enquiries: Tel: +44 20 7338 6794; Fax: +44 20 7338 7472, Email: procurement@ebrd.com
General enquiries:	EBRD project enquiries not related to procurement: Tel: +44 20 7338 7168; Fax: +44 20 7338 7380 Email: projectenquiries@ebrd.com

III. ADDITIONAL INFORMATION AND ASSISTANCE:

- a. **US Advocacy Center-EBRD Liaison Office (AC-EBRD):** AC-EBRD is an integral part of U.S. representation at the EBRD with a mandate to increase the effectiveness of U.S. participation in the Bank's projects. For more information about project opportunities at the European Bank for Reconstruction and Development (EBRD) please contact:

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Tel: 44-20-7588-8490, fax: 44-20-7588-8443.
Web: www.buyusa.gov/ebrd

Note: AC-EBRD can offer its services only to US companies. EBRD procurement opportunities can be viewed at www.ebrd.com/oppo/procure/opps/index.htm. An updated list of EBRD publications can also be found on the main website www.ebrd.com

- b. **BISNIS:** The Business Information Service for the Newly Independent States (BISNIS). Countries covered: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Russia, Ukraine, Uzbekistan. Web: www.bisnis.doc.gov Tel: +(202) 482-4655, Fax + (202) 482-2293.